

# PNC FOOD & BEVERAGE

## Market Quarterly

Welcome to the *Food & Beverage Market Quarterly* where we highlight industry trends occurring within the value chain. While diverse, most companies generally fall within one or more of the five upstream and downstream sectors shown to the right.

### FOOD & BEVERAGE VALUE CHAIN

#### Processing



- Agribusiness
- Meats, Protein, Dairy
- Produce, Nuts
- Packaged, Bulk

#### Branded Food



- Frozen, Refrigerated
- Shelf Stable
- Savory Snacks
- Confectionary

#### Beverage



- Beer, Wine, Spirits
- Soft Drinks, Seltzer
- Coffee, Tea
- Juice, Water

#### Grocery & Retail



- Large Format
- Small Format
- Club Stores
- Convenience

#### Food Service



- Quick Service
- Casual
- Specialty
- Institutional

### TREND SPOTLIGHT

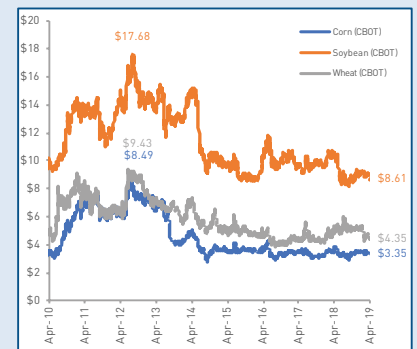
#### Agribusiness Weathering Low Commodity Cycle, Trade Uncertainty<sup>2</sup>

Agri-commodity companies serve a critical role linking upstream grain, soy and animal feed production with downstream value-added processing and manufacturing. Companies in this space have been impacted by a combination of strong global production and trade disruption. These supply-and-demand drivers have reduced commodity grain and soy pricing from elevated levels last seen in 2012 through 2014.

From a demand perspective, U.S. exports could be aided by the ultimate outcome of trade negotiations with China and the ratification of the United States-Mexico-Canada Agreement. This could be somewhat offset by China's demand for animal feed. As the largest producer and consumer of pork in the world, this country is experiencing a decline in its domestic swine herd caused by African swine fever.

On the supply side, the recent floods in the Midwestern United States could impact current-year stocks, acreage and balance sheets for grain and soy, based on early estimates. These factors are likely to create ongoing volatility that companies will need to weather in order to succeed and grow.

#### HISTORICAL PRICING ENVIRONMENT



PNC proudly supports **475+** clients with more than **\$13 billion** of credit commitments across the industry.<sup>1</sup>

<sup>1</sup> As of March 31, 2019

<sup>2</sup> S&P Capital IQ

## HIGHLIGHTED TRANSACTION

### The Andersons Acquires Lansing Trade Group<sup>3</sup>

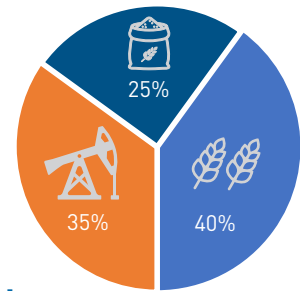
- In the first quarter of 2019, The Andersons, Inc. ("ANDE") successfully completed its acquisition of Lansing Trade Group, LLC ("Lansing").
- ANDE previously owned approximately 32.5% of Lansing and paid cash and stock valued at \$324 million for the remaining equity.
- The implied purchase price is less than 9.0x EBITDA for the 12 months ending August 31, 2018.
- Lansing focuses on the trading and movement of physical commodities, including grains, feed ingredients, energy products and freight, within North America and internationally.
- The acquisition strengthens ANDE's existing grain business, extends specialty product offerings and helps diversify their overall portfolio.

<sup>3</sup> theandersonsinc.gcs-web.com/static-files/6acf65b9-3b11-4445-b54c-c754550c025a

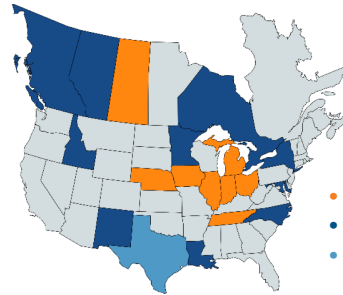
**LANSING**  
TRADE GROUP, LLC

### Gross Profit Mix

- Grain
- Energy
- Feed Ingredient & Specialty



### Geographic Footprint



- Andersons
- Lansing
- Andersons & Lansing

### RECENT LOAN MARKET ACTIVITY<sup>4</sup>

Date	Borrower	Rating	Size (\$MM)	Structure	Tenor	Drawn (bps)	Undrawn (bps)
4/30/19	Maple Leaf Foods	N/A	\$1,300 / \$265 / c\$350	Revolver / TLA / TLA	5-year / 5-year / 4-year	N/A	N/A
3/21/19	Sanderson Farms	N/A	\$1,000	Revolver	5-Year	125.0	20.0
2/27/19	Mondélez International, Inc.	BBB / Baa1	\$4,500 / \$1,500	Revolver / Revolver	5-Year / 364-day	112.5 / 112.5	8.0 / 7.0

<sup>4</sup> Reuters LoanConnector & Public Filings

### RECENT CAPITAL MARKETS ACTIVITY<sup>5</sup>

Date	Issuer	Rating	Size (\$MM)	Tenor (Years)	Spread (bps)	Coupon
5/2/19	Starbucks Corporation	Baa1 / BBB+	\$1,000 / \$1,000	10 / 30	T+103 / T+153	3.550% / 4.450%
3/27/19	Smithfield Foods, Inc.	Ba1 / BBB-	\$400	10	T+290	5.200%
3/26/19	Mars, Incorporated	A1 / A	\$600 / \$700 / \$600 / \$700 / \$300 / \$900 / \$500 / \$700	6 / 11 / 15 / 20 / 25 / 30 / 35 / 40	T+52 / T+82 / T+122 / T+102 / T+110 / T+112 / T+127 / T+137	2.700% / 3.200% / 3.600% / 3.875% / 3.950% / 3.950% / 4.125% / 4.200%

<sup>5</sup> Bloomberg; Informa

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